

Message Text

LIMITED OFFICIAL USE

PAGE 01 EC BRU 06730 01 OF 02 202331Z

62/44

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 EB-11 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 OMB-01

DRC-01 /193 W

----- 044903

R 201730Z NOV 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 6038

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS UNN

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS UNN

LIMITED OFFICIAL USE SECTION 1 OF 2 EC BRUSSELS 6730

C O R R E C T E D C O P Y

ASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR OCON EEC US

SUBJECT: U.S. - EC CONSULTATIONS ON MIP'S FOR PROCESSED FRUITS
AND VEGETABLES

REF: (A) EC BRUSSELS 6489; (B) EC BRUSSELS 6485

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 EC BRU 06730 01 OF 02 202331Z

1. BEGIN SUMMARY. BILATERAL CONSULTATIONS ON THE COMMUNITY'S ENVISAGED MINIMUM IMPORT PRICE SYSTEM FOR CERTAIN PROCESSED FRUITS AND VEGETABLES WERE HELD WITH THE EC COMMISSION ON NOVEMBER 19. WE OUTLINED THE REASONS FOR OUR LONG-STANDING OPPOSITION TO AN MIP SYSTEM AND PROBED THE COMMISSION ON THE OPERATION OF SUCH A SYSTEM. THE COMMISSION OFFICIALS, IN ADDITION TO RESPONDING TO OUR ARGUMENTS AND QUESTIONS, STATED THAT THEY EXPECT DRAFT REGULATIONS TO BE SUBMITTED TO THE COUNCIL BY THE END OF THE MONTH, BUT THAT COUNCIL ACTION WOULD NOT BE BEFORE JANUARY AT THE EARLIEST. APPLICATION OF THESE REGULATIONS IS NOT EXPECTED BEFORE EASTER. ONCE THE COMMISSION HAS FORWARDED ITS PROPOSALS TO THE EC COUNCIL, WE BELIEVE U.S. APPROACHES IN THE MEMBER STATES COULD BE HELPFUL. END SUMMARY.

2. ON NOVEMBER 19, WE HELD CONSULTATIONS WITH THE EC COMMISSION ON THE ENVISAGED EC COMMISSION PROPOSALS TO ESTABLISH A SYSTEM OF MINIMUM IMPORT PRICES FOR CERTAIN PROCESSED FRUITS AND VEGETABLES (SEE REF. A). THE COMMISSION WAS REPRESENTED BY FIELDING, EC DIRECTOR FOR NORTH AMERICAN AFFAIRS, AND OFFICIALS FROM THE DIRECTORATES GENERAL FOR EXTERNAL RELATIONS AND AGRICULTURE. THE U.S. DELEGATION CONSISTED OF BRUNGART (STR), SINDELAR (FAS) AND USEC OFFICERS.

3. FIELDING OPENED THE CONSULTATIONS BY NOTING THE COMMISSION'S AWARENESS OF THE NUMBER OF PROTESTS MADE BY THE U.S. -- OVER A LONG PERIOD OF TIME -- AGAINST AN MIP SYSTEM FOR CERTAIN PROCESSED FRUITS AND VEGETABLES. HE THEN GAVE A BRIEF RUN-DOWN ON THE CURRENT STATUS OF THE COMMISSION'S DRAFT REGULATIONS. HE SAID THESE DRAFTS ARE STILL UNDER DISCUSSION WITHIN THE COMMISSION SERVICES, BUT ARE EXPECTED TO BE APPROVED BY THE COMMISSION BY THE END OF NOVEMBER. FOLLOWING COMMISSION APPROVAL, THE REGULATIONS WOULD BE SUBMITTED TO THE COUNCIL AND THE EUROPEAN PARLIAMENT. CONSIDERING THIS SCHEDULE, FIELDING SAID HE WOULD BE VERY SURPRISED IF THE COUNCIL COULD TAKE A DECISION ON THE REGULATIONS BEFORE JANUARY 1974. IF THE REGULATIONS ARE ADOPTED BY THE COUNCIL IN JANUARY, THEY WOULD PROBABLY TAKE EFFECT BY EASTER AT THE EARLIEST.

4. FOLLOWING FIELDING'S REPORT ON THE STATUS OF THE DRAFT REGULATIONS, WE REITERATED OUR LEGAL OBJECTIONS TO AN MIP LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 EC BRU 06730 01 OF 02 202331Z

SYSTEM. WE STATED THAT WE SAW THE FOLLOWING LIKELY INCONSISTENCIES BETWEEN AN MIP SYSTEM, SUCH AS THAT CONSIDERED BY THE COMMISSION, AND THE COMMUNITY'S GATT OBLIGATIONS: (A) THE BASIC CONCEPT OF AN MIP SYSTEM (I.E. THAT IMPORTS ARE NOT PERMITTED BELOW A GIVEN PRICE) IS INCONSISTENT WITH THE PROHIBITION IN GATT ARTICLE XI AGAINST THE IMPOSITION OF ANY RESTRICTIONS OTHER WM CUSTOMS CHARGES ON IMPORTS; (B) MIP'S ON BOUND ITEMS ARE INCONSISTENT WITH GATT ARTICLE II AND NULLIFY OR IMPAIR

TRADE CONCESSIONS (THE U.S. HAS BINDINGS FROM THE EC ON CANNED PEACHES, CITRUS JUICES AND CANNED TOMATOES); (C) EXEMPTION OF CERTAIN THIRD COUNTRIES FROM MIP'S IN EXCHANGE FOR UNDERTAKINGS ON THE PART OF THOSE COUNTRIES TO RESPECT THE MIP'S WOULD BE A FORM OF CONDITIONED MFN WHICH IS INCONSISTENT WITH GATT ARTICLE I; (D) IMPORT LICENSES WOULD BE AN ADMINISTRATIVE HINDRANCE, PROBABLY FURTHER VIOLATING GATT ARTICLE XI; (E) SURETY DEPOSITS WOULD ALSO BE A HINDRANCE AND INCONSISTENT WITH ARTICLE XI; IF FOREFEITED, THEY WOULD BE AN ADDITIONAL IMPORT CHARGE WHICH WOULD BE IN VIOLATION OF GATT ARTICLE II; (F) A SUBSIDY PAID TO CANNERS FOR THE USE OF ONLY DOMESTIC RAW MATERIALS (I.E. PINEAPPLE) WOULD SEEM TO BE INCONSISTENT WITH GATT ARTICLE III; (G) AN MIP SYSTEM WOULD BE INCONSISTENT WITH THE UNDERTAKINGS RECENTLY MADE TO US BY FRANCE AND THE U.K. IN BILATERAL ARTICLE XXIII CONSULTATIONS. WE SAID THAT IT SEEMED CLEAR THAT THE SYSTEM WOULD VIOLATE THE COMMUNITY'S GATT OBLIGATIONS AND THAT IT WAS OBVIOUS THAT WE WOULD WISH TO AVAIL OURSELVES OF GATT REMEDIES IF THE SYSTEM WERE IMPLEMENTED, THUS ADVERSELY AFFECTING OUR TRADE INTERESTS.

5. IN ADDITION TO PRESENTING THESE LEGAL ARGUMENTS AGAINST AN MIP SYSTEM, WE TOLD THE COMMISSION THAT OUR RECORDS INCLUDE 1962 EC ASSURANCES THAT: (A) THE BOUND CUSTOMS DUTY MUST BE THE NORMAL PROTECTION FOR PROCESSED FRUITS AND VEGETABLES; (B) THE COMMUNITY DID NOT INTEND TO SUBJECT FRUITS AND VEGETABLES TO A REGIME INCOMPATIBLE WITH THE RULES OF GATT; AND (C) IF NECESSARY, THE COMMUNITY WOULD INVOKE GATT ARTICLE XIX. WE QUESTIONED THE ECONOMIC RATIONALE BEHIND AN MIP SYSTEM FOR PROCESSED FRUITS AND VEGETABLES; EMPHASIZED THE INFLATIONARY IMPACT OF SUCH A SYSTEM; AND PROBED THE COMMISSION ON HOW IT WOULD OPERATE. IN THE LATTER CONNECTION, WE POINTED OUT THE DIFFICULTIES THAT WOULD BE ENCOUNTERED UNDER AN MIP SYSTEM FOR PROCESSED FRUITS AND VEGETABLES IN VIEW OF THE VARIETY OF PACKS, STYLES AND GRADES, LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 EC BRU 06730 01 OF 02 202331Z

TE SEASONALITY OF PRICES, AND THE WIDE SPREAD IN PRICES AMONG THE PRINCIPAL SUPPLYING COUNTRIES.

LIMITED OFFICIAL USE

NNN

MRN: 1973EC BRU006730 SEGMENT NUMBER: 000002 ERROR READING TEXT INDEX

FILE; TELEGRAM TEXT FOR THIS SEGMENT IS UNAVAILABLE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 20 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: worrelsw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973ECBRU06730
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731121/aaaaapdv.tel
Line Count: 161
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 73 EC BRUSSELS 6489, 73 EC BRUSSELS 6485
Review Action: RELEASED, APPROVED
Review Authority: worrelsw
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 27 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27-Jul-2001 by thigpegh>; APPROVED <17-Aug-2001 by worrelsw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: U.S. - EC CONSULTATIONS ON MIP'S FOR PROCESSED FRUITS AND VEGETABLES
TAGS: EAGR, OCON, US, EEC
To: SECSTATE WASHDC BONN BRUSSELS COPENHAGEN DUBLIN THE HAGUE LONDON LUXEMBOURG
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005